

Climate Exchange plc

Interim Statement for the six months ended 30 June 2009

Climate Exchange plc (“the Company” and, together with its subsidiaries, “the Group”), the world’s leading international environmental marketplace, announces its interim results for the six months ended 30 June 2009.

Financial Highlights

- Pro-forma core business operating profit of £6.7 million (H1 2008: profit of £3.4 million), excluding share based payment expense
- Cash balances, including short term investments, were £16.5 million at 30 June 2009 compared with £12.4 million at 31 December 2008
- For the first time, an unaudited IFRS pre-tax profit of £1.5 million (H1 2008: loss of £0.3 million)

Operating Highlights

- European Climate Exchange (ECX) average daily volume increased to 21.5 million tonnes with 2,685 million tonnes traded in total, 252% of H1 2008 (1,066 million tonnes)
- ECX continues to hold its leading position for EUA trading with a market share of over 99% in futures and options
- Successful launch of T+1 futures contracts
- CCX membership increased from 459 to 464 during the period
- Chicago Climate Futures Exchange (CCFE) volume increased to 617,618 contracts 211% of H1 2008 (292,065 contracts) as trading momentum shifts to mandatory markets from voluntary, where CCX volume declined to 26.2 million tonnes (H1 2008: 47.0 million tonnes)
- Fox Pitt Kelton appointed as Nomad; Fox Pitt Kelton and J.P. Morgan Cazenove appointed as joint corporate brokers

Neil Eckert, Chief Executive, said: “The first half has been another remarkable period where we have not only grown our business at a tremendous pace but more importantly continued to consolidate our number one position in terms of market share both in Europe and the U.S. IFEX, our insurance derivatives business, has made a good start and we believe has exciting potential for growth”.

Richard Sandor, Chairman of Climate Exchange plc, said: "The Climate Exchange group continues to experience strong growth built on the widespread recognition that its family of exchanges are well placed to service a variety of environmental issues around the world. The successful launch of the Regional Greenhouse Gas Initiative futures and the expansion of the Climate Exchange franchise internationally, especially in China, shows that we can implement strategies in both mandatory and voluntary markets with excellence in design and execution."

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Contacts

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|---|--|
| <i>Climate Exchange plc</i> | |
| <i>Neil Eckert, CEO, Matthew Whittell, CFO Helene Crook, Investor Relations</i> | <i>020 7382 7801 020 7382 7802 020 7382 7807</i> |
| <i>Haggie Financial</i> | |
| <i>Peter Rigby /Alexandra Parry</i> | <i>020 7417 8989</i> |
| <i>Fox Pitt, Kelton</i> | |
| <i>Jonny Franklin-Adams Simon Law</i> | <i>020 7663 6029 020 76636023</i> |
| <i>J.P.Morgan Cazenove</i> | |
| <i>Alex Yule-Smith</i> | <i>020 7155 8653</i> |

Presentation for Analysts

There will be a presentation to analysts by Neil Eckert, CEO, and Matthew Whittell, CFO, today at 9:30 a.m. at the offices of Haggie Financial, 10 Fenchurch Avenue, London EC3M 5BN.

Webcast

A webcast of this morning's presentation to analysts will be available on the Company's website, www.climateexchange.com this afternoon.

Press Meeting

The press are invited to attend a presentation by Neil Eckert, CEO, and Matthew Whittell, CFO, at 11:00 a.m. today at the offices of Haggie Financial, 10 Fenchurch Avenue, London EC3M 5BN.

Conference Call

There will be a conference call at 4:15 p.m. (London) with Richard Sandor, Executive Chairman, Neil Eckert, CEO, and Matthew Whittell, CFO. The conference dial in details are as follows:

Conference Title: Climate Exchange plc Half Year Results Presentation

| | |
|----------------------------|-----------------------------|
| Access Number | + 44 (0)20 8609 0581 |
| UK Toll Free Number | 0800 358 1448 |
| US Toll Free Number | 1866 388 1925 |
| US Access Number | +1703 865 2823 |

About Climate Exchange plc

Climate Exchange plc is a holding company whose subsidiaries are principally engaged in owning, operating and developing exchanges to facilitate trading in environmental financial instruments including emissions reduction credits in both voluntary and mandatory markets. Its three main businesses are the European Climate Exchange (ECX) which operates the leading derivatives exchange focused on compliance certificates for the mandatory European Emissions Trading Scheme, Chicago Climate Exchange (CCX) which operates a voluntary but contractually binding cap and trade system for greenhouse gas emissions in the U.S., and the Chicago Climate Futures Exchange (CCFE) the leading U.S. regulated environmental products exchange whose contracts include mandatory U.S. emissions such as SO₂, NO_x and RGGI CO₂.

www.climateexchange.com

About European Climate Exchange

The European Climate Exchange (ECX) manages product development and marketing of emissions futures and options contracts on CO₂ EU allowances (EUAs) traded under the EU Emissions Trading Scheme and Certified Emission Reductions (CERs) issued under the Kyoto Protocol.

ECX emissions products are listed and traded on the ICE Futures electronic platform, offering a central marketplace for emissions trading in Europe with standard contracts and clearing guarantees. ECX/ICE Futures is the most liquid exchange for carbon emissions trading with more than 100 members.

www.ecx.eu

About Chicago Climate Exchange, Inc. and Chicago Climate Futures Exchange

The Chicago Climate Exchange (CCX) is a financial services business whose objectives are to apply financial innovation and incentives to advance social, environmental and economic goals. CCX is the world's first and North America's only contractually binding rules-based greenhouse gas emissions allowance trading system, as well as the world's only global system for emissions trading based on all six greenhouse gases. CCX members are leaders in greenhouse gas management and represent all sectors of the global economy, as well as public sector innovators. Greenhouse gas emission reductions achieved through CCX are the only reductions in North America being achieved through a legally binding compliance regime. Independent third party verification is provided by FINRA. For a full list of CCX members, daily prices and other Exchange information please see the CCX website.

The Chicago Climate Futures Exchange (CCFE), a wholly owned subsidiary of the Chicago Climate Exchange, is a CFTC designated contract market which offers standardized and cleared futures contracts on emission allowances and other environmental products. Clearing services are provided by The Clearing Corporation. Market surveillance services are provided

by the National Futures Association, the industry wide, self-regulatory organization for the U.S. futures industry.

www.chicagoclimateexchange.com

www.ccfef.com

Climate Exchange plc

Interim Statement for the six months ended 30 June 2009

Trading in our emissions contracts continues to grow robustly. Our contracts are now accepted as benchmark hedging tools particularly in the European Union Emissions Trading Scheme, the largest carbon market in the world and in the Regional Green House Gas Initiative (“RGGI”), the first mandatory carbon market in the U.S.

We are delighted to report that on a pro-forma basis, our operating profit in our core businesses (excluding share based expenses) almost doubled to £6.7 million compared to a pro-forma operating profit of £3.4 million in 2008. In addition, for the first time, we reported an IFRS pre-tax profit for the Group of £1.5 million compared with a pre-tax loss of £0.3 million for the comparable period in 2008. Our balance sheet remains strong. As at 30 June 2009, we have a cash and short term investments balance of £16.5 million (31 December 2008: £12.4 million) with no external indebtedness.

Group trading volumes for the first six months of 2009 are up 96% over the same period in 2008. The European market has continued to grow strongly with over 2,685 million tonnes traded in the first half of 2009 compared to 1,066 million tonnes for the comparable period in 2008. In the U.S., volumes on the Chicago Climate Futures Exchange (CCFE) at 617,618 contracts for the period are running at more than double the 292,065 contracts traded in the first half 2008. A 44% decline in trading volumes of voluntary spot carbon contracts on the Chicago Climate Exchange (CCX) has been more than offset by a very significant increase in trading in carbon futures and options contracts on the CCFE, including our CFI-US, a when-issued contract for the anticipated U.S. compliance market, and most notably our RGGI contracts for the mandatory 10 Northeast and Mid-Atlantic States’ Regional Greenhouse Gas Initiative. Trading in our RGGI contracts has outpaced trading of our European contracts 2.25 to 1 over the same initial 240 day period of the respective programs despite an enormous size differential in baselines (188 million tons vs. 2 billion.) This we believe demonstrates the U.S. appetite for trading these new emission contracts.

We are delighted to announce the appointment of Fox Pitt Kelton as our Nomad and Fox Pitt Kelton and J.P. Morgan Cazenove as our joint corporate brokers

A more detailed review of progress and performance within each of our three geographic areas of business activity follows:

1. Europe: operated under our wholly owned subsidiary, the European Climate Exchange (ECX);
2. United States: operated under our wholly owned subsidiaries, the Chicago Climate Exchange (CCX), Chicago Climate Futures Exchange (CCFE) and the Insurance Futures Exchange (IFEX); and
3. International: Business conducted outside of Europe and the United States which have a potential for Mandatory or Voluntary markets such as Canada, Australia, China, India, Korea and Japan.

Europe

Seizing the momentum from a strong second half of 2008, the first half of 2009 started strongly for ECX with two consecutive monthly records in February and March. For the period, ECX traded 2,685,186 contracts, 2.5 times H1 2008, (nearly equalling full year 2008 volumes). Average daily volumes for the first half were 21,481 contracts vs. 8,462 contracts in the first half of 2008 and open interest increased to 676,978 contracts, 179% of the level for H1 2008.

ECX total volume numbers for the first six months are reflected in the table below:

| Month | 2009 Volume (metric tonnes) | 2008 Volume (metric tonnes) | 2009 Volumes as % of 2008 |
|--------------------|--------------------------------|--------------------------------|------------------------------|
| January | 287,977,000 | 171,163,000 | 168% |
| February | 447,135,000 | 139,873,000 | 320% |
| March | 539,002,000 | 127,547,000 | 423% |
| April | 516,086,000 | 190,643,000 | 271% |
| May | 431,237,000 | 142,008,000 | 304% |
| June | 463,749,000 | 295,021,000 | 157% |
| Total (six months) | 2,685,186,000 | 1,066,255,000 | 252% |

Monthly volumes now include significant and regular volumes in European Union Allowance (“EUA”) options. CER futures started to trade in March 2008, with options on CER futures following in May.

Open Interest

The health of any futures market needs to be measured both in terms of volumes and open interest. ECX open interest rose 79% across the full product suite during the 6 month period:

| Contract | Open interest 30 June 2009 (metric tonnes) | Open interest 30 June 2008 (metric tonnes) | 2009 Volumes as % of 2008 |
|-------------|--|--|------------------------------|
| EUA Futures | 309,270,000 | 206,372,000 | 150% |
| EUA Options | 176,899,000 | 100,599,000 | 176% |
| CER Futures | 115,705,000 | 50,965,000 | 227% |
| CER Option | 75,104,000 | 20,600,000 | 365% |
| Total | 676,978,000 | 378,536,000 | 179% |

New Products

Whilst still maintaining our primary focus on deepening liquidity in the existing futures and options on EUA’s and CER’s, ECX has also introduced two additional, supportive products during the first half of 2009.

T+1 Futures – these innovative products are designed to provide a spot equivalent that allows for short term delivery/receipt of the underlying products (and corresponding cash flows), whilst maintaining the legal structure of a futures contract. This approach has some

advantages over traditional DVP spot markets (such as keeping it within the regulated derivatives markets, allowing for intra-day netting of trades and making use of existing trading, compliance, settlement infrastructures). The products launched in mid March and have seen constant daily volumes. A number of users have taken longer than expected to get their internal approvals and systems in place, but we remain confident that we shall capture a significant part of the spot trading market.

Serial Options – in response to market demand for shorter dated options that would allow players to take a view on market volatility without paying the large time-value premiums inherent in the long-term nature of our product, we launched quarterly options in July. These products continue to be based on the December futures which form the core liquidity for both EUA's and CER's, but expire quarterly in March, June and September).

Competition

ECX continues to dominate emissions derivatives volumes with in excess of 95% of all exchange traded activity being directed through our facilities. However, we cannot become complacent and must continue to serve our customers needs for easily accessible, transparent and liquid trading.

A recent initiative launched in conjunction with LCH.Clearnet, formerly our clearing partner, offers a facility to clear OTC transactions. It remains to be seen whether this will gain significant traction – an OTC cleared product certainly might suit some participants, but the absence of regulation and transparent pricing will undoubtedly not appeal to all.

It is also important to comment on the recent VAT issue that has been uncovered in the Spot emissions market. Whilst this is a tax problem, rather than an issue linked to the ETS, it did create otherwise unexplainable levels of spot activity particularly in Europe. The uncovering of possible large-scale “carousel” fraud and the subsequent tightening of tax laws (initially in France, the Netherlands and the UK but with more states to follow) has seen spot trading volumes reduce to more understandable levels. In the long-term we remain of the view that the design of emissions caps and the methods of compliance makes it more likely that trading activity will be driven by derivatives rather than spot products.

Strength of Management

Under the leadership of Patrick Birley the European Climate Exchange (ECX) continues to dominate the landscape in futures and options trading in the European Union's Emissions Trading System (EU ETS) as well as Certified Emissions Reductions (CER)

United States

The election of President Barack Obama has significantly raised the importance of the discussion on climate change in the United States. On June 26th, The U.S. House of Representatives passed the American Clean Energy and Security Act of 2009, a historic step towards enacting cap and trade legislation for reducing greenhouse gas emissions in the United States. U.S. Senate leaders have signalled their intent to debate climate legislation before the world community meets to negotiate the successor treaty to the Kyoto Protocol in Copenhagen in December.

Early action credits for both industrial reductions and offsets were included in the bill as voted by the House of Representatives on June 26, 2009. Furthermore, a colloquy between Congresswoman Deborah Halverson of Illinois and Chairman Henry Waxman of California that recognized the role of voluntary registries such as CCX was read on the floor of the House the day of the vote and became part of the legislative record. As the Senate undertakes climate legislation this fall, we expect further refinement surrounding the issue of early action crediting.

Volumes

The first six months of 2009 saw a shift in trading from the voluntary spot carbon contracts on CCX to the mandatory future and option emission contracts on CCFE. A 44% decline in CCX trading was offset by a step change in volumes in our carbon contracts on CCFE. Most notably our RGGI futures and options traded 297,936 contracts, almost 4.5 times the amount of allowances auction by the Regional Greenhouse Gas Initiative for the period. It is interesting to note that this is over 150% of the 188 million ton baseline. While uncertainty about the future of the Clean Air Interstate Rule (CAIR) remains, SO₂ and NO_x volumes have rebounded nicely from a slow second half of 2008, and have posted 56% and 1,758% gains respectively over the comparable period in 2008. In all, CCFE recorded four monthly volume records in the first half of 2009, trading 617,618 contracts, more than the entire year in 2008. Average daily volumes grew 113% to over 4,900 contracts and open interest increased to 140,338 contracts, 174% of the level at 30 June 2008.

At the same time, uncertainty over when U.S. cap and trade legislation will be passed and the form that legislation will take, especially with respect to early action crediting, impaired the trading of CFIs at CCX and CCFE and hampered our membership recruiting efforts.

CCX

| Month | 2009 Volume (metric tonnes) | 2008 Volume (metric tonnes) | 2009 Volumes as % of 2008 |
|--------------------|--------------------------------|--------------------------------|------------------------------|
| January | 3,349,400 | 1,342,800 | 249% |
| February | 7,741,300 | 10,071,200 | 77% |
| March | 6,419,300 | 8,549,200 | 75% |
| April | 1,090,700 | 7,302,000 | 15% |
| May | 5,031,500 | 11,205,800 | 45% |
| June | 2,570,300 | 8,554,800 | 30% |
| Total (six months) | 26,202,500 | 47,025,800 | 56% |

CCFE

| Month | 2009 Volume (contracts) | 2008 Volume (contracts) | 2009 Volumes as % of 2008 |
|----------|----------------------------|----------------------------|------------------------------|
| January | 51,599 | 55,350 | 93% |
| February | 56,429 | 42,580 | 133% |
| March | 91,524 | 56,149 | 163% |
| April | 132,319 | 47,644 | 278% |

| | | | |
|--------------------|---------|---------|------|
| May | 109,724 | 50,966 | 215% |
| June | 176,023 | 39,376 | 447% |
| Total (six months) | 617,618 | 292,065 | 211% |

Particularly impressive is the volume in the RGGI futures contracts recently launched in August of 2008. RGGI, the first mandatory cap and trade program for CO2 in the U.S. which encompasses electric power generating facilities in ten north eastern states, now represents 40% of turnover on the exchange and continues to grow impressively. To catalyse this success, we have developed an incentive programme which has the effect of lowering some transaction costs for liquidity providers as the market develops.

CCFE (2009 product mix, in percent of contracts traded)

| Product | Volume Jan-Jun 2009 (% of Volume) | Volume Jan-Jun 2008 (% of Volume) |
|----------|--------------------------------------|--------------------------------------|
| Futures: | | |
| CFI | 1.6% | 4.0% |
| SFI | 20.8% | 59.3% |
| NFI | 22.8% | 5.2% |
| RGGI | 38.5% | 0.0% |
| Other | 2.9% | 1.6% |
| Options: | 13.4% | 29.9% |

Open Interest

Especially encouraging is the growth of open interest, up 78% year-on-year. The resurgence of volumes in the NFI contract has been accompanied by a huge increase in NFI open interest. While uncertainty over the legal challenge to the Clean Air Interstate Rule (CAIR) has impaired SFI volumes this year, open interest in SFI contracts has continued to grow. Open interest in RGGI also steadily grew.

CCFE (by product)

| Product | Open Interest 30 Jun 2009 | Open Interest 30 Jun 2009 | 2009 Volumes as % of 2008 |
|----------|------------------------------|------------------------------|------------------------------|
| Futures: | | | |
| CFI | 3,354 | 4,402 | 76% |
| SFI | 37,475 | 33,311 | 113% |
| NFI | 42,222 | 2,045 | 2065% |
| RGGI | 14,838 | 0 | n/a |
| Other | 6,599 | 3,378 | 195% |
| Options: | 35,850 | 37,458 | 96% |
| Total | 140,338 | 80,594 | 174% |

New Products

In February, CCFE launched futures and options contracts on the California Climate Action Registry (CCAR) Climate Reserve Tonnes, a program created by the State of California that issues offset credits for greenhouse gas reduction projects.

In April, CCFE launched futures contracts on Renewable Energy Credits (RECs). RECs are certificates issued by a certifying agency that represent proof that a megawatt-hour of electricity was generated from an eligible renewable energy resource. As REC programs are mandated at the state level currently, we have launched three state REC contracts (MA, CT, NJ) and one voluntary contract. It is possible that federal legislation on renewable energy may be enacted separately from cap and trade legislation.

An important ongoing initiative for the Company was the marketing of our IFEX hurricane derivative contracts in 2009. In the exchange market, there are several remaining uncleared asset classes which have traded in large volumes either OTC or on a paper based bi-lateral system. Insurance is one of the largest untapped asset classes and we believe the market would benefit from an exchange-based solution.

In response, we have launched a series of insurance futures that trade U.S. catastrophe wind products. IFEX is part of CCFE, a wholly owned subsidiary of Climate Exchange. This is a natural fit to our product range in so far as the bulk of our products are involved with emissions and energy related products which are part of the causes of climate change and these insurance products relate to the consequences. Initial feedback is positive. Entities set up to trade are being recruited at a good rate and now total 51, up from 22 at 1 January 2009. Volumes are currently thin and to date, the current hurricane season would appear to be benign. We remain committed to this asset class and will continue to expand our activities in this area.

Competition

CCFE continues to be the central price discovery point and dominant exchange in volume and open interest for futures and options in all mandatory emissions cap and trade programs in the U.S. specifically SO₂, NO_X, and RGGI.

Membership

Though uncertainty over U.S. cap and trade legislation has made recruiting new CCX members much more difficult this year, the number of members continues to increase. Total Members as of June 30 numbered 463, up from 459 at the end of 2008. The total CCX program-wide baseline, at 632 million tonnes, continues to exceed the largest single country baseline within the European Union's Emissions Trading Scheme (EUETS).

CCFE continued to build its membership in the first six months of 2009 with the sale of eight new Trading Privileges. Trading Privilege Holders are entitled to exchange membership benefits including a 20% discount on CCFE transaction fees.

Strength of Management

CCX and CCFE continue to develop under the leadership of our Executive Chairman and the support of a highly motivated staff team. In September, we announced the appointment of Satish S. Nandapurkar as President of CCX. This May, Mr. Nandapurkar also assumed the title of CEO at CCX. He will be responsible for working with the Boards of CCX and Climate Exchange plc to develop and implement strategy at CCX and CCFE. In April, Eric Nield was appointed as SVP and General Counsel for CCX. Eric brings 19 years of

experience in the futures industry that will be important to us as we expand the business and our relevance in the regulatory landscape.

International

Our international businesses are focused on states and regions that have the potential for Mandatory or Voluntary markets in environmental products. While our strategy in each area of focus will be tailored to the local political and legislative circumstances our international approach has generally taken the form of ventures with local partners.

Through our interest in Envex (a joint venture in Australia with Macquarie Bank Ltd. and Financial and Energy Exchange) we are developing a range of environmental products catering to the Australian market. The Mercari OTC platform commenced operation on 1 September 2009 meeting the demands of a variety of institutions across Australia. In Canada the Group has a relationship with the Montréal Climate Exchange (“MCeX”) and has launched new futures contracts on Canadian carbon dioxide equivalent (CO₂e) units. MCeX continues to develop products for the Canadian environmental market. The Tianjin Climate Exchange (TCX), a partnership that was formed in 2008 between CCX, the China National Petroleum Corporation Assets Management Co., Ltd. and the City of Tianjin, is developing emissions trading products for the Chinese market. In India, we continue to advance our research and developmental capabilities using resources and expertise from 25 leading Indian companies as well as India-domiciled subsidiaries of current CCX Member companies. The Group has continued to explore various opportunities and avenues in Japan as the government considers a variety of environmental measures and policies, while in Korea we signed a Memorandum of Understanding with the Korea Power Exchange, Korea Exchange and Korea Energy Management Corporation to collaborate in preparing for the establishment of emissions trading.

Strength of Management

Martin Hollander has joined the team as International Portfolio Manager. He has 15 years of experience in investment and portfolio management, and operations.

Outlook

For financial markets in general, the first half of 2009 continued the turbulent trends that began in the second half of 2008. Although the financial sector throughout most of the world was under significant stress, regulated exchanges that provided transparency and cleared transactions performed flawlessly. This, as well as the fundamentally positive outlook for the growth of environmental asset classes, is why we believe the Company is well positioned for continued growth.

In the U.S., the American Clean Energy and Security Act (ACESA) legislation is now reaching a critical phase as it is debated in the Senate and the legal challenges to the Clean Air Interstate Rule (CAIR), which have had a detrimental impact on prices and volumes in the SO₂ market, highlight the need for a legislative resolution in Washington.

In addition, international negotiations will take place at the United Nations Climate Change Summit in Copenhagen from the 7th to the 18th December 2009.

Whilst we are delighted with the growth achieved in the first half of 2009, political and regulatory uncertainty may moderate our rates of growth during the second half of the financial year and we have observed lower volumes in August. Our medium to long term growth expectations of this market remain unchanged.

Unaudited Financial Highlights for the 6 months ended 30 June 2009

- Pro-forma core business revenues of £18.8 million, up from £10.8 million (6 months ended 30 June 2008)
- Pro-forma core business operating profit of £6.7 million, up from £3.4 million (6 months ended 30 June 2008), excluding share based payment expenses
- Cash balances were £16.5 million (including short term investments) at 30 June 2009 compared with £12.4 million at 31 December 2008
- Unaudited IFRS profit before tax of £1.5 million (6 months ended 30 June 2008 : loss of £0.3 million)

We are delighted to report that on a pro-forma basis, our operating profit in our core businesses (excluding share based expenses) almost doubled to £6.7 million compared to a pro-forma operating profit of £3.4 million in 2008. In addition, for the first time, we reported an IFRS pre-tax profit for the Group of £1.5 million compared with a pre-tax loss of £0.3 million for the comparable period in 2008. Our balance sheet remains strong. As at 30 June 2009, we have a cash and short term investments balance of £16.5 million (31 December 2008: £12.4 million) with no external indebtedness. Our taxable profit is greater than our IFRS profit before tax, since some expenses are not tax deductible, including our share-based payments. Accordingly we have made a loss of £0.17 million for the period compared with our after tax loss of £1.38 million in the first six months of 2008.

The figures above and in the pro-forma financial summary table below are extracted from unaudited management accounts of the Group. The unaudited consolidated financial statements of the Group for the 6 month period to 30 June 2009 and for the 2008 comparative period contained in this document have been prepared in accordance with International Financial Reporting Standards.

In order to set out a comparable summary of the operating performance of the Group's core businesses, the following table of key financial data has been prepared. These figures have not been audited and do not form part of the financial statements of the Group.

| | 2009 | 2008 |
|-------------------------------------|---------------|---------------|
| | £'000 | £'000 |
| Core Business Revenues | | |
| ECX | | |
| Trading Fees | 11,135 | 4,033 |
| Membership Fees | 213 | 178 |
| Other | 88 | 9 |
| | 11,436 | 4,220 |
| CCX | | |
| Trading Fees | 1,645 | 2,112 |
| Membership Fees | 1,498 | 1,205 |
| Other | 1,413 | 1,417 |
| Management fee Transfer from ECX | - | 387 |
| | 4,556 | 5,121 |
| CCFE | | |
| Trading Fees | 2,056 | 809 |
| Membership Fees | 761 | 640 |
| Other | - | - |
| | 2,817 | 1,449 |
| Total Core Business Revenues | 18,809 | 10,790 |

Core Business Operating Expenses**ECX**

| | | |
|--------------------------------|--------------|--------------|
| Personnel | 915 | 624 |
| IT | 4,396 | 1,565 |
| Other | 335 | 243 |
| Management fee Transfer to CCX | - | 387 |
| | 5,646 | 2,819 |

CCX

| | | |
|-----------|--------------|--------------|
| Personnel | 1,804 | 1,264 |
| IT | 835 | 480 |
| Other | 1,820 | 1,433 |
| | 4,459 | 3,177 |

CCFE

| | | |
|-----------|--------------|--------------|
| Personnel | 613 | 384 |
| IT | 889 | 715 |
| Other | 473 | 272 |
| | 1,975 | 1,371 |

| | | |
|---|---------------|--------------|
| Total Core Business Operating Expenses | 12,080 | 7,367 |
|---|---------------|--------------|

Core Business Operating Profit

| | | |
|---|--------------|--------------|
| ECX | 5,790 | 1,401 |
| CCX | 97 | 1,944 |
| CCFE | 842 | 78 |
| Total Core Business Operating Profit | 6,729 | 3,423 |

| | | |
|-------------------------------|--------------|--------------|
| R&D overhead ** | (539) | (748) |
| Net Corporate Overhead | (1,548) | (1,185) |
| Net Group Interest | 61 | 136 |
| Group pre-tax Profit * | 4,703 | 1,626 |

| | | |
|---|---------------|---------------|
| Cash and cash equivalents including short-term investments at period end (30 June 2009 and 31 December 2008) | 16,548 | 12,404 |
|---|---------------|---------------|

| | | | |
|----------------|--------|--------|--------|
| Exchange Rates | £ - \$ | 1.4950 | 1.9750 |
| | £ - € | 1.1195 | 1.2908 |

* Adjusted to exclude the expense of share-based payments of £3,219,500 (6 months ended 30 June 2008: £1,930,340)

** Since reporting for the six month period ended 30 June 2008, the Company has recognised its core businesses of ECX, CCX and CCFE. The net expenses relating to other business areas under development have been identified as a research and development overhead

Richard Sandor, *Executive Chairman*

Neil Eckert, *Chief Executive*

15 September 2009

Review report by KPMG Audit LLC to Climate Exchange plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly report for the six months ended 30 June 2009, which comprises the consolidated income statement, the consolidated statement of comprehensive loss, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and the related explanatory notes. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly report in accordance with the AIM Rules.

As disclosed in note 2 the annual financial statements are prepared in accordance with IFRSs. The condensed set of financial statements included in this half yearly report have been prepared in accordance with IAS 34 Interim Financial Reporting.

The accounting policies that have been adopted in preparing the condensed set of financial statements are consistent with those that the Directors currently intend to use in the next annual financial statements.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with IAS 34 and the AIM Rules.

KPMG Audit LLC
Chartered Accountants
Douglas
Isle of Man
15 September 2009

Climate Exchange plc
Unaudited Consolidated Income Statement
For the six months ended 30 June 2009

| | Unaudited 6 months ended 30 June 2009 | Unaudited 6 months ended 30 June 2008 |
|---|---|---|
| Notes | £'000 | £'000 |
| 7 Revenue | 18,843 | 10,478 |
| Expenses: | | |
| Personnel expenses: | | |
| - equity-settled share based payment expense | (2,378) | (1,898) |
| - other personnel costs | (5,155) | (3,757) |
| 8 Other expenses | (9,046) | (5,231) |
| - equity-settled share based transaction cost | (842) | (32) |
| Total expenses | (17,421) | (10,918) |
| Profit/(loss) from operating activities | 1,422 | (440) |
| Interest income | 61 | 136 |
| Net finance income | 61 | 136 |
| Profit/(loss) before tax | 1,483 | (304) |
| 9 Taxation | (1,657) | (1,071) |
| Loss for the period | (174) | (1,375) |
| 12 Basic and fully diluted loss per ordinary share (pence) | (0.37) | (3.03) |

Climate Exchange plc**Unaudited Consolidated Statement of Comprehensive Loss**

For the six months ended 30 June 2009

| | Unaudited 6 months ended 30 June 2009 | Unaudited 6 months ended 30 June 2008 |
|---|---|---|
| | £'000 | £'000 |
| Loss for the period | (174) | (1,375) |
| Other comprehensive loss | | |
| Foreign currency translation differences for foreign operations | (9,404) | (60) |
| Total comprehensive loss for the period | (9,578) | (1,435) |

Climate Exchange plc
Unaudited Consolidated Balance Sheet
As at 30 June 2009

| Notes | Unaudited 30 June 2009 £'000 | Audited 31 December 2008 £'000 |
|-------------------------------------|---------------------------------------|---|
| Assets | | |
| Non-Current assets | | |
| 10 Intangible assets | 57,150 | 64,454 |
| 11 Investments | 1,908 | 1,908 |
| Property, plant and equipment | 362 | 443 |
| 9 Deferred tax assets | 3,423 | 4,933 |
| Total non-current assets | 62,843 | 71,738 |
| Current assets | | |
| Cash and cash equivalents | 16,548 | 12,404 |
| Trade and other receivables | 2,769 | 3,322 |
| Total current assets | 19,317 | 15,726 |
| Total assets | 82,160 | 87,464 |
| Equity and liabilities | | |
| Current Liabilities | | |
| 13 Trade and other payables | 4,238 | 3,886 |
| 9 Income tax liabilities | 699 | - |
| Total liabilities | 4,937 | 3,886 |
| Equity | | |
| 15 Share capital | 474 | 471 |
| 15 Share premium | 71,617 | 71,617 |
| Reserves | 5,132 | 11,490 |
| Total equity | 77,223 | 83,578 |
| Total equity and liabilities | 82,160 | 87,464 |

Climate Exchange plc
Unaudited Consolidated Statement of Changes in Equity
For the six months ended 30 June 2009

| | Share capital | Share premium | Retained reserves | Foreign exchange reserve | Unaudited Total | Unaudited 30 June 2008 |
|--|------------------|------------------|----------------------|--------------------------------|--------------------|---------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 January | 471 | 71,617 | (3,151) | 14,641 | 83,578 | 60,948 |
| Total comprehensive loss for the period | - | - | (174) | (9,404) | (9,578) | (1,435) |
| Contributions by and distributions to owners: | | | | | | |
| Share issue proceeds | 3 | - | - | - | 3 | - |
| Share option expense | - | - | 3,220 | - | 3,220 | 1,930 |
| Total transactions with owners | 3 | - | 3,220 | - | 3,223 | 1,930 |
| Balance at 30 June | 474 | 71,617 | (105) | 5,237 | 77,223 | 61,443 |

Climate Exchange plc
Unaudited Consolidated Statement of Cash Flows
For the six months ended 30 June 2009

| | Unaudited 6 months ended 30 June 2009 | Unaudited 6 months ended 30 June 2008 |
|---|---|---|
| | £'000 | £'000 |
| Cash flows from operating activities | | |
| Profit/(loss) before tax | 1,483 | (304) |
| Depreciation | 94 | 63 |
| Share-based payments | 3,220 | 1,930 |
| Operating cash flows before movements in working capital | 4,797 | 1,689 |
| Decrease/(increase) in trade and other receivables | 190 | (66) |
| Increase/(decrease) in trade and other payables | 737 | (1,920) |
| | 5,724 | (297) |
| Tax paid | (4) | - |
| Net cash generated from/(used in) operating activities | 5,720 | (297) |
| Cash flow from investing activities | | |
| Proceeds from sale of investment securities | - | 238 |
| Purchase of property, plant and equipment | (36) | (42) |
| Net cash (used in)/generated from investing activities | (36) | 196 |
| Cash flow from financing activities | | |
| Proceeds from issue of shares | 3 | - |
| Cash generated from financing activities | 3 | - |
| Increase/(decrease) in cash and cash equivalents | 5,687 | (101) |
| Effect of foreign exchange rate fluctuations on cash balances | (1,543) | 154 |
| Cash and cash equivalents at beginning of period | 12,404 | 12,695 |
| Cash and cash equivalents at end of period | 16,548 | 12,748 |

Climate Exchange plc
Notes to the financial statements
For the six months ended 30 June 2009

1 The Company

The Company was incorporated on 13 August 2003 in the Isle of Man as a public limited company. The Company's ordinary shares are listed on the Alternative Investment Market (AIM) of the London Stock Exchange plc.

The interim consolidated financial statements of the Company as at and for the six months ended 30 June 2009 comprise the Company and its subsidiaries (together referred to as the "Group"). The interim consolidated financial statements are unaudited.

The consolidated financial statements of the Group as at and for the year ended 31 December 2008 are available upon request from the Company's registered office at IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP or at www.climateexchangeplc.com.

The Group is principally engaged in owning, operating, and developing exchanges to facilitate trading in environmental financial instruments including emissions reductions credits in both voluntary and mandatory markets. The three core businesses are the European Climate Exchange (ECX) which operates an exchange that focuses on compliance certificates for mandatory European Emissions Trading Scheme (EU ETS), the Chicago Climate Futures Exchange (CCFE), a regulated exchange in the U.S. with a growing portfolio of environmental futures contracts and the Chicago Climate Exchange (CCX) which operates the world's first voluntary, but contractually binding cap and trade system for greenhouse gas emissions reductions.

2 Statement of compliance

These interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2008.

These interim consolidated financial statements were approved by the Board of Directors on 15 September 2009.

3 Significant accounting policies

Except as described below, the accounting policies applied by the Group in these interim consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2008.

Change in accounting policy

a) Presentation of financial statements

The Group applies revised IAS 1 Presentation of Financial Statements (2007), which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. This presentation has been applied in these interim financial statements as of and for the six months period ended on 30 June 2009. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

Climate Exchange plc

Notes to the financial statements

For the six months ended 30 June 2009 (continued)

b) Determination and presentation of operating segments

As of 1 January 2009 the Group determines and presents operating segments based on the information that internally is provided to the CEO, who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of IFRS 8 *Operating Segments*. Previously operating segments were determined and presented in accordance with IAS 14 *Segment Reporting*. The adoption of the standard had no impact on presentation and disclosure of segment information.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

4 Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Except as described below, in preparing these interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2008.

During the six months ended 30 June 2009 management reassessed its estimates in respect of:

- Deferred tax assets
- Impairment of intangible assets
- Measurement of share-based payments

5 Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2008.

Climate Exchange plc

Notes to the financial statements (continued)

For the six months ended 30 June 2009

6 Segmental Reporting

| Business segments | European Climate Exchange | | Chicago Climate Exchange | | Chicago Climate Futures Exchange | | Eliminations | | Consolidated | |
|--|---------------------------|----------------|--------------------------|----------------|----------------------------------|----------------|-----------------|-----------------|---------------|----------------|
| | 2009 £'000 | 2008* £'000 | 2009 £'000 | 2008* £'000 | 2009 £'000 | 2008* £'000 | 2009 £'000 | 2008* £'000 | 2009 £'000 | 2008* £'000 |
| External revenues | 11,470 | 4,295 | 4,556 | 4,734 | 2,817 | 1,449 | - | - | 18,843 | 10,478 |
| Inter-segment revenue | 1,329 | 993 | - | 1,467 | - | - | (1,329) | (2,460) | - | - |
| Total segment revenue | 12,799 | 5,288 | 4,556 | 6,201 | 2,817 | 1,449 | (1,329) | (2,460) | 18,843 | 10,478 |
| Segment result | 5,219 | 893 | 66 | 2,031 | 842 | 78 | 68 | 1 | 6,195 | 3,003 |
| Unallocated expenses | - | - | - | - | - | - | - | - | (4,773) | (3,443) |
| Results from operating activities | - | - | - | - | - | - | - | - | 1,422 | (440) |
| Net finance income | - | - | - | - | - | - | - | - | 61 | 136 |
| Taxation | - | - | - | - | - | - | - | - | (1,657) | (1,071) |
| Loss for the period | - | - | - | - | - | - | - | - | (174) | (1,375) |
| Segment assets | 14,751 | 12,352 | 10,789 | 5,898 | 1,770 | 674 | (9,238) | (4,719) | 18,072 | 14,205 |
| Unallocated assets | - | - | - | - | - | - | - | - | 64,088 | 73,259 |
| Total assets | 14,751 | 12,352 | 10,789 | 5,898 | 1,770 | 674 | (9,238) | (4,719) | 82,160 | 87,464 |
| Segment liabilities | 20,293 | 22,687 | 4,367 | 12,998 | 1,326 | 1,038 | (21,619) | (33,529) | 4,367 | 3,194 |
| Unallocated liabilities | - | - | - | - | - | - | - | - | 570 | 692 |
| Total liabilities | 20,293 | 22,687 | 4,367 | 12,998 | 1,326 | 1,038 | (21,619) | (33,529) | 4,937 | 3,886 |
| Capital expenditure | - | 29 | 36 | 57 | - | - | - | 14 | 36 | 100 |
| Depreciation | 10 | 14 | 37 | 48 | - | - | 47 | 78 | 94 | 140 |
| Non-cash expenditure other than depreciation | - | - | - | - | - | - | - | 99 | - | 99 |

* 2008 comparative figures for segmental reporting are for the 6 months ended 30 June 2008 for Income Statement items, and as at 31 December 2008 for Balance Sheet items.

Climate Exchange plc

Notes to the financial statements (continued)

For the six months ended 30 June 2009

6 Segmental Reporting (continued)

| Geographical segments | Europe | | United States | | Elimination | | Consolidated | |
|-----------------------|--------|--------|---------------|-------|-------------|---------|--------------|--------|
| | 2009 | 2008* | 2009 | 2008* | 2009 | 2008* | 2009 | 2008* |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Segment revenue | 12,799 | 5,288 | 7,373 | 7,650 | (1,329) | (2,460) | 18,843 | 10,478 |
| Segment assets | 14,751 | 12,352 | 12,559 | 6,572 | (9,238) | (4,719) | 18,072 | 14,205 |
| Capital expenditure | - | 29 | 36 | 57 | - | 14 | 36 | 100 |

* 2008 comparative figures for segmental reporting are for the 6 months ended 30 June 2008 for Income Statement items, and as at 31 December 2008 for Balance Sheet items.

7 Revenue

| | 30 June 2009 £'000 | 30 June 2008 £'000 |
|-------------------------|--------------------------|--------------------------|
| Membership fee income | 2,473 | 2,023 |
| Transaction fee income | 14,874 | 6,954 |
| Registration fee income | 1,331 | 1,338 |
| Grant income | 35 | 1 |
| Other | 130 | 162 |
| | 18,843 | 10,478 |

8 Other Expenses

| | 30 June 2009 £'000 | 30 June 2008 £'000 |
|-------------------|--------------------------|--------------------------|
| Revenue share | 4,365 | 1,542 |
| Occupancy | 349 | 203 |
| Technology | 1,773 | 1,260 |
| Professional Fees | 1,459 | 1,716 |
| Depreciation | 94 | 63 |
| Other | 1,006 | 447 |
| | 9,046 | 5,231 |

Climate Exchange plc

Notes to the financial statements (continued)

For the six months ended 30 June 2009

9. Taxation

| | 30 June 2009 £'000 | 30 June 2008 £'000 |
|---------------------|--------------------------|--------------------------|
| Current tax expense | 703 | - |
| Deferred tax charge | 954 | 1,071 |
| | <u>1,657</u> | <u>1,071</u> |

| | 30 June 2009 £'000 | 31 December 2008 £'000 |
|--------------------|--------------------------|---------------------------------|
| Deferred tax asset | 3,423 | 4,933 |
| | <u>3,423</u> | <u>4,933</u> |

| | | |
|------------------------|------------|----------|
| Income tax liabilities | 699 | - |
| | <u>699</u> | <u>-</u> |

The deferred tax credit in the income statement and deferred tax asset in the balance sheet relates to deferred tax which has been provided for in respect of tax losses of certain Group companies.

The Company is resident in the Isle of Man where it is subject to tax at zero percent. The operating subsidiaries of the Company are resident in various jurisdictions where they are subject to local rates of taxation

10. Intangible assets

| | Goodwill £'000 |
|---|--------------------------|
| Cost | |
| Balance at 1 January 2009 | 64,454 |
| Balance at 30 June 2009 | <u>57,150</u> |
| Reconciliation in carrying amount | |
| Balance at 1 January 2009 | 64,454 |
| Revaluation to Foreign Currency Translation Reserve | (7,304) |
| Balance at 30 June 2009 | <u>57,150</u> |

The goodwill relates to the acquisition of Chicago Climate Exchange, Inc in 2006. It is denominated in US\$ and retranslated at each period-end.

Climate Exchange plc

Notes to the financial statements (continued)

For the six months ended 30 June 2009

11 Investments

| | 30 June 2009 £'000 | 31 December 2008 £'000 |
|-------------------------|-----------------------|---------------------------|
| Investment in associate | 1,908 | 1,908 |
| | <u>1,908</u> | <u>1,908</u> |

Investment in associates comprises a 25% interest in Envex, an Australian company that provides exchange-traded (ETC) and over-the-counter (OTC) climate and environmental products. The investment is stated at cost.

12 Basic and fully diluted loss per ordinary share

The basic loss per share is calculated by dividing the loss for the six months to 30 June 2009 attributable to ordinary shareholders of £173,596 (6 months ended 30 June 2008: loss of £1,375,421) by the weighted average number of shares outstanding during the period, being 47,277,129 (six month period ended 30 June 2008: 45,442,780).

Fully diluted loss per share is the same as basic loss per share.

13 Trade and other payables

| | 30 June 2009 £'000 | 31 December 2008 £'000 |
|---|-----------------------|---------------------------|
| Trade payables | 112 | 619 |
| Non-trade payables and accrued expenses | 4,126 | 3,267 |
| | <u>4,238</u> | <u>3,886</u> |

Climate Exchange plc

Notes to the financial statements (continued)

For the six months ended 30 June 2009

14 Share-based payments

Share-based payments arise from two different types of transactions. First, there is a cost attributable to employment services received by the Company during the year and for which the Company granted share options as consideration, subject to the achievement of certain vesting criteria. Secondly, in connection with the launch of IFEX and other CCFE businesses, the Company has entered into contracts for the provision of services and delivery of certain IP assets for which the consideration was a conditional issue of shares.

Personnel costs - equity settled share based payment expense

At the EGM on 29 December 2006, Shareholders approved new plans to provide incentive arrangements for key executive staff. As set out more fully in the Shareholder circular dated 13 December 2006, three new plans were established. The Climate Exchange Plc 2006 Share Option Plan (the 2006 Plan); a long term incentive plan (LTIP); and the Climate Exchange Plc (European Climate Exchange Limited commutation) Share Option Plan (CLE ECX Plan).

The Plans are all subject to vesting conditions linked to the performance of the relevant operating entities of the Group and lock-up provisions until the 4th anniversary of the date of grant. The number of Ordinary Shares issuable under the 2006 Plan may not exceed 15% of the Company's issued share capital as at the date of grant. The maximum number of Ordinary Shares issuable under the LTIP is 1,299,428 shares. The maximum number of Ordinary Shares issuable under the CLE ECX Plan is 1,197,657 shares.

The number of Share options outstanding and their weighted average exercise prices are as follows:

| | Weighted average exercise price 2009 (£) | Number of options 2009 |
|-----------------------------|--|------------------------|
| Outstanding at 1 January | 3.51 | 8,643,343 |
| Forfeited during the period | 3.42 | 73,890 |
| Exercised during the period | 0.01 | 299,960 |
| Granted during the period | 8.00 | 399,777 |
| Outstanding at 30 June | 3.79 | 8,699,275 |
| Exerciseable at 30 June | - | - |

Since 31 December 2008, a total of 73,890 options have been forfeited and 299,960 options have been exercised as a consequence of staff changes.

Climate Exchange plc

Notes to the financial statements (continued)

For the six months ended 30 June 2009

14 Share-based payments (continued)

The fair value of share options granted has been determined using a recognised option pricing model as specified by relevant accounting standards. Options with an exercise price of negligible value, where there is no material difference between the model value and intrinsic value, have been valued at their intrinsic value. The grants under the CLE ECX Plan and the LTIP are treated as modifications to the terms and conditions of their respective original grants and in each case such modifications have not increased the fair value of the options. Based on a valuation of the ECX subsidiary of £43 million at the time of the original grants, the implied fair value of the current CLE ECX and the LTIP options is £1.54.

| | 2009 Grants | 2008 Grants | 2007 Grants | 2006 Initial Grant |
|---------------------------------------|----------------|----------------|----------------|-----------------------|
| Grant date share price | £8.50 | £11.85 | £8.65 | £5.18 |
| Exercise price | £8.00 | £11.75 | £7.95 | £3.30 |
| Volatility | 24.1% | 70.6% | 45.8% | 24.0% |
| Expected life | 3 years | 3 years | 3 years | 3 years |
| Dividend yield | 0% | 0% | 0% | 0% |
| Risk free rate of return | 5.20% | 4.19% | 5.01% | 5.03% |
| Fair value | £4.66 | £5.84 | £3.43 | £2.38 |
| No. options granted during the period | 399,777 | 955,000 | 1,060,500 | 4,696,500 |

The volatility assumption is based on a statistical analysis of daily share price over the 260 days prior to the date of grant. Holders of share options are not entitled to receive dividends declared during the vesting period.

Other expenses – equity settled share based transaction cost

In connection with the launch of IFEX and other CCFE businesses, the Company has entered into contracts, under the terms of which, subject to the satisfaction of certain vesting conditions, the Company may issue warrants into shares in Climate Exchange or which are exchangeable for shares in Climate Exchange.

While in each case the actual number of shares to be granted to each party cannot be determined in advance, the expected number of shares to be issued may be calculated based on the application of the terms of the contracts to the Company's internal budgets for the relevant accounting periods, revised as appropriate for current trading.

Climate Exchange plc

Notes to the financial statements (continued)

For the six months ended 30 June 2009

14 Share-based payments (continued)

As at 30 June 2009, the aggregate number of shares expected to be issued under the terms of the contracts was 427,356 (31 December 2008: 427,356). The fair value of this number of shares is established at the date on which the contracts were entered into. The average share price applicable to these contracts was £15.07. The fair value is then recognised either upon delivery (in the case of delivery of IP assets) or over the period during which services are contracted to be received (in the case of provision of services). Accordingly, 50% of the fair value of the share based payment to Deutsche Bank was recognised in the year to 31 December 2007. The balance of 50% of the fair value of the share based payment to Deutsche Bank and the total fair value of the share based payment to Execution will be recognised over the three years to 31 December 2010.

15 Share Capital and premium

| | Number of shares | Share Capital £'000 | Share premium £'000 |
|----------------------------------|---------------------|------------------------|------------------------|
| Balance at 1 January 2008 | 44,856,810 | 448 | 67,192 |
| Share issue proceeds | 740,189 | 8 | - |
| Second contingent consideration | 1,515,152 | 15 | 4,425 |
| Balance at 1 January 2009 | 47,112,151 | 471 | 71,617 |
| Share issue proceeds | 299,960 | 3 | - |
| Balance at 30 June 2009 | 47,412,111 | 474 | 71,617 |

Authorised share capital consist of 67.5 million (2008: 67.5 million) ordinary shares of 1p each with a total nominal value of £675,000 (2008: £675,000)

The share issue proceeds during first half of 2009 relate to 299,960 shares issued on exercise of employee share options.

Climate Exchange plc

Notes to the financial statements (continued)

For the six months ended 30 June 2009

16 Related parties

During the interim period, no contracts of significant were entered into by the Company or any of its subsidiaries in which the Directors had a material interest.

17 Subsequent events

On 24 July 2009, the Chancery Division of the High Court of Justice of the Isle of Man approved a reclassification of an amount of £71,617,000 standing to the credit of the share premium account to distributable reserves.